

Department of Retirement Systems Legislation Status Report

June 24, 1999

Bill No. and Status	Summary
<p>HB 1023 -- TRS 3 Gain Sharing</p> <p>Signed by Governor: May 10, 1999</p> <p>Effective May 10, 1999</p> <p>Chapter 223, Laws of 1999</p>	<p>This bill provides gains sharing for certain TRS 3 members who did not receive a share of the extraordinary investment gains upon the initial distribution.</p> <p>Gain sharing payments are credited to TRS Plan 3 member accounts in even-numbered years when the retirement fund has a four-year earning average in excess of 10 percent. TRS 3 members who transferred to TRS 3 on or after September 1, 1997, and before February 1, 1998, will be eligible to receive gain-sharing payments.</p> <p>The payment is based on a member's service credit total as of August 31, 1997, and will be credited to the member's TRS 3 defined contribution account on or before July 1, 1999. It will appear in the member's second quarter shares statement.</p>
<p>SHB 1024 – PERS 1 and TRS 1 Members With More Than 30 Years of Service; Restrictions on Eligibility for Benefit Pop-up</p> <p>Signed by Governor: May 17, 1999</p> <p>Effective: July 25, 1999 for Sections 1 and 2; May 10, 1999 for Sections 3.</p> <p>Chapter 362, Laws of 1999</p>	<p>This bill provides that within six months after attaining 30 years of service credit, Plan 1 members of PERS and TRS may elect to receive, at retirement, a refund of post-30-year employee contributions, plus interest at seven and one-half percent. Employer contributions are not refunded. Members who have 30 or more years of service credit on the effective date of the act may make the election in writing by December 31, 1999.</p> <p>Except for allowable cash outs of accrued, unused leave, the average final compensation at retirement can include only the earnable compensation credited prior to the effective date of the election.</p> <p>This bill also adds a new section to PERS Plan 1 law. A retiree who is receiving state-funded long-term care services will not be eligible for a benefit pop up if the increase would make the retiree ineligible for the services. The term "state-funded long-term care services" include services for which the retiree is required to contribute all income other than for personal needs.</p> <p>DRS has no affirmative duty to identify such retirees. This law is effective for benefits paid on or after the effective date of passage, regardless of the date of retirement.</p> <p>The bill becomes effective upon passage.</p>
<p>HB 1654 -- Veteran Defined</p> <p>Signed by Governor; April 21, 1999</p> <p>Effective: July 25, 1999</p> <p>Chapter 65, Laws of 1999</p>	<p>RCW 41.05.005 defines "veteran" for purposes including eligibility for certain retirement benefits. DRS refers to this law to determine if a member is a "veteran" eligible to receive service credit for non-interruptive military service.</p> <p>Section 1 of this bill modifies RCW 41.04.005(1)(a)(iii) and (iv), the subsections that, under current law, define the period of "armed conflict" for service as a merchant mariner (iii) and a civil service crewmember with service aboard an army or navy ship (iv). The law currently provides that the qualifying period of armed conflict is from December 7, 1941 to August 15, 1945. Under this bill, the references to "period of armed conflict" are deleted from these subsections. In both subsections, the ending date for eligible service is changed to December 31, 1946.</p>

Bill No. and Status	Summary
<p>HB 1761 -- Retired Teachers and Principals as on-call Substitutes</p> <p>Signed by Governor: May 18, 1999</p> <p>Effective July 25, 1999</p> <p>Chapter 387, Laws of 1999</p>	<p>This bill amends RCW 41.32.570(3), and (4).</p> <p>Under current law, a TRS Plan 1 retiree is allowed to return to service for up to 525 hours in a school year without a reduction of pension benefits. In addition, an on-call substitute teacher or substitute administrator may serve up to 105 hours per school year without reduction of pension, provided the school district has filed a resolution according to DRS requirements.</p> <p>Under this bill, in addition to the 525 hours of post-retirement employment, TRS Plan I retired teachers working for school districts that have declared a shortage of substitute teachers may work an additional 315 hours as substitute teachers. Retired principals working for school districts that have declared a shortage of substitute principals may work a total of an additional 315 hours as substitute principals.</p>
<p>SSB 5029 -- PERS Membership</p> <p>Signed by Governor: May 10, 1999</p> <p>Effective: July 25, 1999</p> <p>Chapter 244, Laws of 1999</p>	<p>Some PERS employers have provided 401(a)-type retirement benefits to certain of their employees in lieu of PERS. Some have provided such benefits to their employees in addition to PERS and in lieu of Social Security. Current PERS law prohibits PERS membership for employees who receive such benefits provided by their employers.</p> <p>This bill preserves PERS membership for employees who are in PERS and an employer-provided 401(a) defined contribution plan.</p> <p>Three employers, the Baseball Stadium Authority, the Football Stadium Authority and the Puget Sound Regional Transportation Authority, have a one-time opportunity to withdraw from PERS. An employer that does not elect to withdraw from PERS must enroll all future employees in PERS.</p> <p>The bill also provides clarification that, except for the three Authorities listed above, other employers cannot elect to withdraw from PERS.</p>
<p>SSB 5030 -- WSP Retirement Benefits</p> <p>Signed by Governor: April 22, 1999</p> <p>Effective July 25, 1999</p> <p>Chapter 74, Laws of 1999</p>	<p>Currently, WSPRS surviving spouses receive neither a continuation of the retirees' post-retirement increase nor an automatic COLA in their own right. The minimum retirement allowance is \$20 per month per year of service, with no automatic increase.</p> <ul style="list-style-type: none"> ▶ Effective July 1, 1999, the bill annually increases the WSPRS minimum retirement amount by the amount of the "annual increase." In July 1999, that amount is seventy-seven cents per month per year of service. The annual increase amount is adjusted upward by three percent each year thereafter. ▶ The bill also provides that effective July 1, 1999, and annually thereafter, the monthly benefit to the surviving spouse will be increased by the "annual increase amount," commonly called "Uniform COLA." To be eligible, the surviving spouse must have attained age 66 by July 1st of the year in which the increase is paid. ▶ By July 1, 2000, DRS must offer members a Joint-and-100 percent survivor benefit option, paid for by a reduction in the member's benefit.

Bill No. and Status	Summary
<p>ESSB 5180 -- Operations Budget</p> <p>Signed by Governor: May 14, 1999</p> <p>Effective: July 1, 1999</p> <p>Chapter 309, Laws of 1999</p>	<p>Section 136 provides funding for implementation of the new legislation.</p> <p>Section 721 requires the Joint Committee on Pension Policy (JCPP) to study the options for reducing the early retirement actuarial reductions and possible member and employer contribution rate reductions.</p> <p>Section 722 was vetoed. It had provided for the Pension Advisory Committee in DRS.</p> <p>Section 907 establishes that the contribution rates adopted by the Pension Funding Council take effect July 1, 1999 for the LEOFF basic state rate and the PERS 1 and WSPRS employer rates. The Director is to establish new employee rates effective July 1, 1999 for PERS 2 and LEOFF 2. Changes in the basic state rate for TRS 1 and the employee rate for TRS 2 are effective September 1, 1999.</p>
<p>SB 5432 -- Retirement Charitable Deductions</p> <p>Signed by Governor: April 22, 1999</p> <p>Effective: July 25, 1999</p> <p>Chapter 83, Laws of 1999</p>	<p>This bill amends RCW 41.40.052 (2) by adding a new subsection:</p> <ul style="list-style-type: none"> ► (b) This section does not prohibit a beneficiary of a retirement allowance from authorizing deductions from that allowance for charitable purposes on the same terms as employees and public officers under RCW 41.04.035 and 41.04.036. <p>The statutes referred to in the new subsection define the “United Fund” and allow an employer, upon the written request of an employee, to deduct designated amounts from the employee’s salary for payment to the United Fund charity.</p>
<p>SB 5837 -- Public Employee Retirement System</p> <p>Signed by Governor: May 13, 1999</p> <p>Effective: July 25, 1999</p> <p>Chapter 286, Laws of 1999</p>	<p>This bill amends PERS membership eligibility law to exclude the chief administrative officer (CAO) of a county, port district, or PUD who “serves at the pleasure of an appointing authority.” The bill also allows such excluded persons to apply for PERS membership within 30 days of their appointments. If a CAO misses the deadline, that person can become a PERS member by paying the higher costs (RCW 41.50.165(2)) from the date of appointment. A CAO currently in PERS will remain in PERS unless he or she makes an election by December 31, 1999, to withdraw from membership. A CAO who elects to withdraw from PERS membership will receive a refund of all PERS member contributions.</p>

Bill No. and Status	Summary
<p>SB 5986 -- Duty-Connected Death/Disability</p> <p>Signed by Governor: April 28, 1999</p> <p>Effective: April 28, 1999</p> <p>Chapter 134, Laws of 1999</p>	<p>Section 1 declares that the Legislature’s intent in enacting RCW 41.26.160, insofar as that section provides benefits to members or spouses for death incurred in the line of duty, was to provide a statute in the nature of a worker’s compensation act. To clarify that original intent, the current provisions of RCW 41.26.160 are divided by this bill into two separate sections: RCW 41.26.160 which provides benefits only for duty-related deaths, and a new section which provides death benefits for deaths in all other circumstances.</p> <p>Section 2 amends RCW 41.26.160, the statute that currently provides death benefits for surviving spouses and eligible children, by inserting the term “duty connected” before each reference to the member’s or retiree’s death and/or disability.</p> <p>Section 3 adds a new section to Chapter 41.26 RCW that provides death benefits identical to those above for surviving spouses and eligible children of members and retirees who die in service, after retirement or while vested, for any cause other than one that is “duty connected.”</p> <p>Section 4 states that the provisions in Section 2 for the duty connected death benefits apply retrospectively to all such allowances granted since LEOFF Plan 1 was established.</p> <p>Section 5 makes this act effective upon passage.</p>
<p>SB 5987 -- LEOFF Contribution Withdrawal</p> <p>Governor signed: April 28, 1999</p> <p>Effective: July 25, 1999</p> <p>Chapter 135, Laws of 1999</p>	<p>This bill amends RCW 41.26.470, the section of LEOFF Plan 2 law that provides for disability retirement benefits. Under the current law, a Plan 2 member who retires for disability and receives a monthly benefit, subsequently recovers, and has the disability benefit canceled, is to be restored to duty.</p> <p>However, if the member does not return to service following cancellation of the disability benefit and the member is not eligible to retire for service, the consequences are:</p> <ul style="list-style-type: none"> ▸ the member is not entitled to withdraw the remainder of accumulated contributions; and, ▸ the member cannot “vest” for the purpose of receiving a benefit at age 55. <p>Section I of the bill provides that a member whose disability retirement allowance is canceled for a reason other than return to service or retirement for service is to be paid the excess, if any, of accumulated contributions over payments made during the period of retirement.</p> <p>Section 2 specifies that the refund provision applies to anyone who retired for disability on or after February 1, 1990.</p>

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<p>SSB 6012 -- Investment Board Funds Value</p> <p>Governor signed: May 10, 1999</p> <p>Effective: July 25, 1999</p> <p>Chapter 265, Laws of 1999</p>	<p>This bill amends Chapter 41.34 RCW, the law that addresses member contribution accounts in the defined contribution portions of Plan 3 TRS and SERS.</p> <p>Section 1 amends RCW 41.34.060 by adding a new subsection that requires SIB to declare monthly unit values for the TRS 3 and SERS 3 portfolios. The declared values are to be an approximation of portfolio or fund values based on SIB's internal procedures. The declared unit values and internal procedures are in SIB's sole discretion. SIB has authority to delegate any of its powers and duties under this subsection, including discretion. DRS will credit member accounts with a rate of return based on changes to the unit values.</p> <p>Section 2 adds two new subsections to RCW 41.34.140. Subsection (3) declares that SIB, its officers, employees and members are not liable with respect to any declared monthly unit valuations or crediting of rates of return or any other exercise of powers and duties, including discretion, under RCW 41.34.060(2). Subsection (4) declares that the Department or any officer or employee is not liable for crediting a rate of return consistent with SIB's declaration of a monthly unit value.</p>